

AGENDA

Utility Management Review Board

October 1, 2009

10:00 am

Room 31, Legislative Plaza

(6th Avenue between Charlotte Avenue and Union Street)
Nashville, Tennessee

Call to Order

Approval of Minutes

August 6, 2009

Cases:	Minor Hill Utility District Bristol-Bluff City Utility District Copper Basin Utility District	Giles County Sullivan County Polk County
Status:	Bedford County Utility District Iron City Utility District	Bedford County Lawrence County
Complaints:	Webb Creek Utility District Outdoor Resorts of Gatlinburg Bent Creek Golf Village, Inc.	Sevier County
Petitions:	Tansi Sewer Utility District of Cumberland County	
Miscellaneous:	Investigative Audit – First UD of Carter County Jurisdiction list Complaint log Meeting schedule for 2010 Next meeting	
		February 4, 2010

Open Discussion

Visitors to the Legislative Plaza are required to pass through a metal detector and must present photo identification. Individuals with disabilities who wish to participate in this meeting or to review filings should contact the Division of Local Finance to discuss any auxiliary aids or services need to facilitate such participation. Such contact may be in person or by writing, telephone or other means, and should be made prior to the scheduled meeting date to allow time to provide such aid or service. Contact the Division of Local Finance (Ms. Joyce Welborn) for further information

414 Union Street, Suite 1110
Nashville, TN 37243-1402
Telephone (615) 532-7204
Fax (615) 532-5232
Joyce.Welborn@tn.gov

MINUTES
of the
UTILITY MANAGEMENT REVIEW BOARD MEETING
AUGUST 6, 2009
2:00 P.M.

Chairman David Norton called to order the meeting of the Utility Management Review Board at the Park Vista Hotel in Gatlinburg, Tennessee.

Board members present and constituting a quorum:

David Norton, Chairman, Hixon Utility District

Elisha Hodge, Designee of Comptroller

Tom Moss, Designee of Commissioner of Department of Environment and Conservation

Donnie Leggett, Hardeman-Fayette Utility District

Dr. Rosemary Wade-Owens, Consolidated Utility District

Troy Roach, New Market Utility District

Don Stafford, Eastside Utility District

Ronald West, Waldens Ridge Utility District

Staff present:

Joyce Welborn, Division of Local Finance; Comptroller's Office

David Bowling, Division of Local Finance; Comptroller's Office

Bobby Lee, General Counsel; Comptroller's Office

APPROVAL OF MINUTES

Chairman Norton called for a motion to approve the minutes of April 2, 2009. Mr. Leggett made the motion. Dr. Wade-Owens seconded the motion and it was approved.

CASE STUDIES

Hampton Utility District

Ms. Welborn stated that Hampton Utility District has been reported to the Board as having three consecutive years of negative change in net assets. Rates were increased December 1, 2008. Hampton Utility District has been in the process of conducting a rate study, but that has been temporarily halted. There is a possibility that South Elizabethton Utility District will sue Hampton Utility District over the rate increase. South Elizabethton purchases 70% of the water pumped from the Hampton spring. There has previously been a 50-year contract between Hampton and South Elizabethton. The contract expired in June, 2009 and South Elizabethton has failed to agree on a new contract. In the interim, Hampton is charging the normal customer rate. John Rambo, attorney for Hampton Utility District, was introduced and discussed the situation answering several questions from the board. Mr. Welborn stated that staff's recommendation is that Hampton Utility District should continue with the rate study, continue negotiations with South Elizabethton and reappear before the board in approximately six months for a status update. Dr. Wade-Owens made a motion to accept staff's recommendation. Mr. Stafford seconded the motion and it was approved.

Roane Central Utility District

Ms. Welborn stated that Roane Central Utility District has been reported to the Board as having three consecutive years of negative change in net assets. The District purchases water from the

City of Rockwood. Effective August 1, 2009 the minimum bill was reduced to 1,500 gallons which should produce additional revenue. Also, the entire meter system is now radio-read and new ductile pipe has been installed in a large part of the system. Two long-time employees will be retiring in 2010 and the district is changing its depreciation from 40 to 50 years. Ms. Lisa Roberts was introduced and stated that these measures taken together should improve the financial condition of Roane Central Utility District. Ms. Welborn stated that staff's recommendation is to endorse the actions of Roane Central Utility District. Donnie Leggett made a motion to accept staff's recommendation. Ron West seconded the motion and it was approved.

COMPLAINTS

Webb Creek Utility District

Ms. Welborn stated that Webb Creek has been asked to appear before the Board to address rate complaints from Outdoor Resorts of America and Bent Creek Golf Village. Jim Gass, Attorney for Webb Creek Utility District, introduced himself and stated that the rate study commissioned by Webb Creek has been completed and requested that the Utility Management Review Board accept the rate study. The attorney for Outdoor Resorts, Marshall Albritton, introduced himself and requested the case be postponed until the next meeting in order for Outdoor Resorts to adequately review the rate study. Robert Vance, representing Bent Creek, introduced himself and agreed with the request by Mr. Albritton. There was some discussion by members of the Board. A member of the audience indicated he was one of Webb Creek's customers and that there were several others in the audience today who had come to hear this case. Chairman David Norton made a recommendation that the case be deferred until the next meeting. The recommendation was approved.

NEW LEGISLATION

Ms. Welborn commented on the following legislation enacted during the 2009 legislative session: Public Chapter 72 dealing with criteria for determining financial distress; Public Chapter 249 regarding sunset of the Board; Public Chapter 316 regarding petitions to add service; Public Chapter 320 dealing with petitions to merge systems; and Public Chapter 423 dealing with membership on the Board and expanding the Board's authority.

OPEN DISCUSSION

Clay County Gas Utility District

Ms. Welborn briefly discussed the history of Clay County Gas Utility District from its creation in 1997. The discussion included the default on the district's bond issue and the conviction and imprisonment of a former general manager for fraud and theft of property. Recently, discussions have taken place with officials of Clay County and the City of Celina regarding a transfer of ownership of the district. It has been determined that neither Clay County nor the City of Celina is financially able to assume ownership and operational responsibilities for Clay County Gas Utility District. Ms. Welborn introduced Clay County Mayor Dale Reagan and the district chairman Ray Norris. They discussed certain changes and events taking place which could improve the district's financial condition. Following several questions from Board members, Donnie Leggett made a motion that Clay Gas Utility District should bring a workable plan before the Board in six months which will remove the district from being financially distressed. Don Stafford seconded the motion and it was approved.

Water Loss Rules—Ms. Welborn discussed the status of the water loss rules and the possibility of a joint meeting at some time with the Water and Wastewater Financing Board to discuss and/or adopt the rules.

Complaint Procedure—Ms. Welborn discussed the possibility of placing the process to file a complaint on the Board's website maintained in the Comptroller's Office.

MISCELLANEOUS

Complaint Log—Ms. Welborn notified the Board that a listing of complaints she has received has been included in the members packets for this meeting.

Jurisdiction List—Ms. Welborn reviewed the list of utility districts currently under the Board's jurisdiction.

TAUD—Mr. Leggett said he had been notified that the contract for services of TAUD had not been renewed for the 2010 fiscal year due to the state's financial difficulties. He expressed his thanks for the assistance of TAUD in the past and encouraged them to continue to provide assistance at any opportunity they could do so—which would be of benefit to individual utility districts throughout the state as well as to the Utility Management Review Board.

Next Meeting—Ms. Welborn stated the next meeting will be in Nashville on October 1, 2009.

Chairman Norton asked for a motion to adjourn. Mr. Leggett made the motion. Mr. West seconded the motion and it was approved. Chairman Norton declared the meeting adjourned at 3:30pm.

Respectfully submitted,

David Norton
Chairman

Joyce Welborn
Board Coordinator

UTILITY MANAGEMENT REVIEW BOARD
Case Study

Case: Minor Hill Utility District, Giles County
Manager: Ronnie Stoner
Customers: 2,287 water
Water loss: 50.08%

The Minor Hill Utility District has been reported to the Board as three consecutive years with negative change in net assets as of December 31, 2008:

The rates as shown in the December 31, 2008 audit were:

0 - 1,500 gallons	\$18.74 minimum bill
Over 1,500 gallons	\$ 8.50 per thousand gallons

In October 2008, the Division of Municipal Audit released an investigative audit that reflected unaccounted for funds in the amount of \$33,201. The former employee involved with the funds has been indicted and is awaiting trial. The audit by Municipal Audit also resulted in an audit by the IRS and the Tennessee Department of Revenue. Penalties related to those audits are reflected in the FY 2008 audit.

Eighty percent of the district's water is purchased from the City of Pulaski for \$1.80 per thousand gallons. The remaining 20% is purchased from Limestone County, Alabama for \$1.92 per thousand gallons. The FY 2008 audit reflects a 50% water loss, but District management says that amount is purchased vs. sold because the metering system was not in place to account for things such as flushing. The next audit will contain information that follows the correct formula, but the district recently found a leak that the manager thinks will account for about 16% of the loss.

In the past, the district has had enough steady growth that tap fees have been a stable source of income. The economy being in a downturn resulted in a significant loss of those fees. Giles County has borrowed funds from TDEC State Revolving Loan Program to allow the installation of water lines to customers in the county. There are 290 potential customers for the district within the next couple of years because of that borrowing. Deadline for those customers to sign up for service is October 16, 2009.

During 2009, the District will pay off four loans which will free up approximately \$27,700 in cash. During the times when the fraud was occurring, cash was limited and repairs and maintenance were delayed. Many of those items were taken care of during 2008, so repairs and maintenance expense for 2009 should decrease.

Service fees for the District were extremely high in 2008. These were one-time fees paid to the Southern Water Authority for the study of a water treatment plant for the city and county water systems in Giles County.

Staff recommends that the Board endorse the actions of the District to solve the financial distress condition, but continue to monitor it under full compliance is achieved.

MINOR HILL UTILITY DISTRICT		
HISTORY FILE		
	Audited	Audited
Fiscal year ended 12/31	2007	2008
Water revenues	\$ 1,055,194	\$ 1,084,837
Other revenues	\$ 116,640	\$ 88,034
Capital contributions		\$ 10,336
Total Operating Revenues	\$ 1,171,834	\$ 1,183,207
Total Operating Expenses	\$ 1,073,908	\$ 1,141,669
Operating Income	\$ 97,926	\$ 41,538
Interest Expense	\$ 157,533	\$ 144,774
Capital Contributions		
Change in Net Assets	\$ (59,607)	\$ (103,236)
<u>Supplemental Information</u>		
Principal payment	\$ 92,006	\$ 84,579
Depreciation	\$ 254,886	\$ 257,767
Water Rates		
First 1,500 gallons	\$ 18.74	\$ 18.74
over 1,500 gallons	\$ 8.50	\$ 8.50
Customers	2,268	2,287
Water loss	48.324%	50.057%

Minor Hill Utility District							
Projections							
	Audited 2008	Projected 2009	0%	Growth rate Projection 2010	Growth rate Projection 2011	Growth rate Projection 2012	
Fiscal year ended 12/31							
Water revenues	\$ 1,084,837	\$ 1,084,837		\$ 1,084,837	\$ 1,084,837	\$ 1,084,837	
Other revenues	\$ 88,034	\$ 88,034		\$ 88,034	\$ 88,034	\$ 88,034	
Capital contributions	\$ 10,336						
Total Operating Revenues	\$ 1,183,207	\$ 1,172,871	16%	\$ 173,574	\$ 173,574	\$ 173,574	
Total Operating Expenses	\$ 1,141,669	\$ 1,175,919	3%	\$ 1,211,197	\$ 1,247,532	\$ 1,284,958	
Operating Income	\$ 41,538	\$ (3,048)		\$ 135,248	\$ 98,912	\$ 61,486	
Interest Expense	\$ 144,774	\$ 133,886		\$ 126,353	\$ 123,645	\$ 120,810	
Capital Contributions							
Change in Net Assets	\$ (103,236)	\$ (136,934)		\$ 8,895	\$ (24,733)	\$ (59,324)	
<u>Supplemental Information</u>							
Principal payment	\$ 84,579	\$ 246,740		\$ 60,243	\$ 57,727	\$ 60,562	
Depreciation	\$ 257,767	\$ 257,767		\$ 257,767	\$ 257,767	\$ 257,767	
Water Rates							
First 1,500 gallons	\$ 18.74						
over 1,500 gallons	\$ 8.50						
Customers	2,287						
Water loss	50.057%						

UTILITY MANAGEMENT REVIEW BOARD

Case Study

Case: Bristol Bluff City Utility District, Carter County
Manager: Tina Grindstaff
Customers: 2,231 water
Water loss: 11.18%

The Bristol Bluff City Utility District has been reported to the Board as having two consecutive years with a negative change in net assets as of July 31, 2008:

The rates as shown in the July 31, 2008 audit were:
0 - 1,500 gallons \$13.68 minimum bill
Over 1,500 gallons \$ 4.69 per thousand gallons

Attached is a detailed history as provided by the District. Sometime in the early 2000's, several districts in the Bristol area were managed and operated by Tipton Construction. The Board of Commissioners of Bristol Bluff City Utility District decided to "break the ties" with Tipton in order to gain better control of the operations of the system. That became a multi year process involving hiring personnel to "learn" the system (location of lines, valves, pumps, meters), setting up an office, obtaining billing software, etc. As a result, expenses increased for a time. Many of those initial expenses have been eliminated and stabilized.

The District sells water the City of Bluff City and to South Bristol-Weaver Pike Utility District, (who in turn sells to Holston Utility District). They also have connections with Blountville Utility District and the City of Bristol.

Rates as reflected in the FY 08 audit were approximately 35% higher than those in the FY 07 audit.

Staff recommends that the Board endorse the actions of the District to solve the financial distress condition, but continue to monitor it under full compliance is achieved.

Summary of Issues That Have Adversely Impacted BBCUD's Financial Status

FY 06-07 (August 1, 2006 – July 31, 2007):

- Fall, 2006 – TDEC performs BBCUD's Sanitary Survey. The District is cited for numerous deficiencies and becomes a non-approved water system. Notably the District is cited for deficiencies at the water treatment plant, operating the water treatment plant at the design capacity, and failure to perform timely water tank maintenance. See attached TDEC Table of Deficiencies.
- Fall, 2006 – Hired Barge Waggoner Cannon & Sumner (BWSC) to provide engineering service for the District. BWSC is tasked with developing a hydraulic water model, preparing standard specifications and details manual, performing a plant expansion and utility consolidation study, providing tank inspection services for the Exide water tanks, and providing designs for two waterline replacements. Engineering expenses increase from FY06 to FY07 by \$156,117. See attached Summary of BBCUD Operating Expenses.
- March, 2007 - Hired EEMA to act as Utility Manager and Distribution Supervisor for the Utility District. Hired EEMA because District needed independent manager rather than Tipton Construction employee acting as manager for BBCUD. Additionally, EEMA hired as Distribution Supervisor based on TDEC cited deficiencies with Tipton Construction. The District enters into an agreement with EEMA for an additional \$18,440/month resulting in an increase from FY06 to FY07 of \$130,346.
- Spring & Summer, 2007 – The District experiences a significant leak on an 8-inch asbestos-cement waterline on Hwy 390 that is not able to be located using current leak detection methods. The leak is ultimately repaired when it breaks. The leak results in the District purchasing more water from the City of Bristol to serve its customers, resulting in an increase from FY06 to FY07 of \$58,572.
- Spring & Summer, 2007 – The District incurs an increase in repairs and maintenance expenses resulting from the efforts to locate the Hwy 390 leak and to perform task mandated in TDEC's Sanitary Survey. The additional repairs and maintenance result in an increase from FY06 to FY07 of \$57,642.

FY 07-08 (August 1, 2007 – July 31, 2008):

- August, 2007 – Hired Jules Rodgers to serve as the District's accountant. Tipton Construction previously served as the District's accountant. The District is not provided a financial update/tracking for FY 07-08 until

December, 2008 when Mr. Rodgers steps-down as the District's accountant. No financial updates/tracking for FY 08-09 are provided at the time Mr. Rodgers steps-down.

- August, 2007 - EEMA continues as the Utility Manager and Distribution Supervisor for the Utility District. The result is an increase of \$124,350 from FY07 to FY08.
- Fall, 2007 - Blountville approached to enter into long term wholesale contract to solidify Blountville as customer of the utility district. Previously no contract between BBCUD and Blountville was in place. Blountville represented 44% of BBCUD's water sales.
 - BBCUD was selling to Blountville at \$1.65/1000 gallons
 - City of Bristol was selling to Blountville at \$2.60/1000 gallons
 - BBCUD raises rates 25% October 1, 2007 for \$4.3-million bond issue to accomplish the following:
 - Upgrade and expand the Water Treatment Plant. The plant was operating at max capacity and required increased capacity to meet current demand and provide capacity to sell Blountville additional water. The condition of the raw water intake had been cited by TDEC and required upgrading. New sedimentation basins needed to be constructed.
 - Rehab the Exide Water Tank. The tank had not been rehabbed in many years and was falling into a state of disrepair. TDEC cited the District for the condition of the tank.
 - Perform TDOT Hwy 11E Waterline Relocation to support TDOT's pedestrian improvements project on 11E. No financial assistance was provided by TDOT for the District's work. Two-inch galvanized waterline on Bethel Road is also replaced as part of this project. The waterline had experienced numerous leaks.
 - Replace the Hwy 390 asbestos-cement waterline and perform system upgrades to place Sells Road Water Tank into service. The Hwy 390 asbestos-cement waterline had failed many times over the years and had exceeded its useful life. The Sells Road Water Tank had been designed and constructed at an elevation that did not allow the newly built tank to be put into service. System upgrades were required to put the tank into service.
 - The \$4.3-million bond issue results in an annual debt service of \$260,000.
 - Wholesale rates for Blountville are set at \$2.06/1000 gallons.
 - The City of Bristol approaches Blountville after the rate increase with a 10-year contract starting at \$1.50/1000 gallons if Blountville agrees to purchase all of its water from the City of Bristol.

Blountville enters into the contract with the City of Bristol and ceases purchasing water from BBCUD in February, 2008.

- April, 2008 – Issues between EEMA, BBCUD, and Tipton result in billing and collections being removed from Tipton. BBCUD hires Stanfield and Thomas to move billing and collections from Tipton Construction. Start-up expenses of Stanfield and Thomas to perform billing and collections are incurred. Stanfield and Thomas then over-billed and problems with Stanfield and Thomas lead to the removal of billing and collections from Stanfield and Thomas. BBCUD hires its own employees to do billing and collections. The period of Stanfield and Thomas performing billing and collections for the District resulted in \$134,470 expenses in FY08.

FY 08-09 (August 1, 2008 – July 31, 2009):

- August, 2008 – EEMA's contracts for Water Treatment Plant Operations, District Management, and Distribution services are not renewed because the District can no longer afford their services. The District decided to hire its own employees to reduce operating cost.
- August, 2008 – The District adopted its FY 08-09 budget with a 7% rate increase. The one-time cost that the District will incur, along with cost to remove the billing and collections from Stanfield and Thomas are significantly underestimated. The District also does not have any up-to-date accounting data to effectively project the FY 08-09 budget.

Summary of BBCUD Operating Expenses

	FY 05-06	FY 06-07	FY 06 to 07	FY 07-08	FY 07 to 08
Operating Expenses	Actuals	Actuals	Increase/(Decrease)	Actuals	Increase/(Decrease)
Management Fee/Plant Fee	307,067	437,413	130,346	561,763	124,350
Repairs and Maintenance	254,483	312,125	57,642	400,077	87,952
Billing Cost	-	-	0	134,470	134,470
Water purchases	21,228	79,800	58,572	11,521	(68,279)
Engineering Expense	-	156,117	156,117	55,891	(100,226)
Salaries	-	-	0	9,606	9,606
Office and clerical fees	38,133	38,955	822	6,793	(32,162)
Materials and Supplies	92,813	90,425	(2,388)	44,340	(46,085)
Utilities	120,378	129,979	9,601	119,735	(10,244)
Truck Expense	6,881	7,852	971	8,753	901
Compensation commissioners	3,000	5,700	2,700	10,800	5,100
Chemicals	47,622	58,669	11,047	60,424	1,755
Office Expense	11,185	10,589	(596)	9,316	(1,273)
Contract Labor	-	-	0	17,147	17,147
Telephone	937	2,201	1,264	3,278	1,077
Legal, Accounting and Audit	22,405	21,536	(869)	46,079	24,543
Insurance	9,642	7,099	(2,543)	13,506	6,407
Unclaimed property	169	-	(169)	-	0
Professional fees	23,751	4,841	(18,910)	-	(4,841)
Field Office rental	-	3,251	3,251	5,997	2,746
Rental meeting place	-	600	600	-	(600)
Stenographic Services	-	487	487	-	(487)
Logo and Website	-	1,150	1,150	155	(995)
Travel and lodging	-	933	933	190	(743)
Office equipment lease	-	274	274	-	(274)
Bad debts	-	512	512	772	260
Licenses & Permits	-	-	0	6,634	6,634
Penalties	-	1,500	1,500	1,450	(50)
Totals	\$ 959,694	\$ 1,372,008	\$ 412,314	\$ 1,528,697	\$ 156,689

BRISTOL BLUFF CITY UTILITY DISTRICT			
HISTORY FILE			
	Audited	Audited	Audited
Fiscal year ended 7/31	2006	2007	2008
Water revenues	\$ 1,351,122	\$ 1,326,788	\$ 1,393,524
Other revenues	\$ 94,282	\$ 141,967	\$ 83,770
unrealized holding gain			\$ 39,613
Total Operating Revenues	\$ 1,445,404	\$ 1,468,755	\$ 1,516,907
Total Operating Expenses	\$ 1,095,783	\$ 1,514,234	\$ 1,710,842
Operating Income	\$ 349,621	\$ (45,479)	\$ (193,935)
Interest Expense	\$ 122,778	\$ 121,140	\$ 224,308
Capital Contributions	\$ 75,341		
Change in Net Assets	\$ 302,184	\$ (166,619)	\$ (418,243)
<u>Supplemental Information</u>			
Principal payment	\$ 32,418	\$ 35,036	\$ 36,746
Depreciation	\$ 136,089	\$ 142,226	\$ 182,145
<u>Water Rates</u>			
<u>Residential</u>			
First 1,500 gallons	\$ 10.00	\$ 10.00	\$ 13.68
over 1,500 gallons	\$ 3.50	\$ 3.50	\$ 4.69
<u>Commercial</u>			
First 5,000 gallons	\$ 15.00	\$ 15.00	\$ 20.06
over 5,000 gallons	\$ 3.15	\$ 3.15	\$ 4.22
<u>City of Bluff City</u>			
First 100,000 gallons	\$ 150.00	\$ 150.00	\$ 200.63
over 100,000 gallons	\$ 2.65	\$ 2.65	\$ 3.27
<u>Utility Districts per 1000 gallons</u>	\$ 1.65	\$ 1.65	\$ 2.20
<u>Industrial</u>			
Minimum bill			\$ 530.00
Per thousand gallons			\$ 3.06
<u>Trailers, apts, multiple users</u>			
First 1,500 gallons	\$ 10.00	\$ 10.00	based on units
over 1,500 gallons	\$ 3.50	\$ 3.50	involved
Tapping fee	\$ 650.00	\$ 650.00	\$ 1,000.00
Return check fee	\$ 15.00		
Reconnect fee	\$ 30.00		\$ 30.00
Disconnect fee		\$ 30.00	
Customers	2,142	3,178	2,237
Water loss			11.18%

Bristol Bluff City Utility District						
Projections						
	Audited 2008	Projected 2009	1%	Growth rate Projection 2010	Growth rate Projection 2011	Growth rate Projection 2012
Fiscal year ended 7/31						
Water revenues	\$ 1,393,524	\$ 1,407,459		\$ 1,421,534	\$ 1,435,749	\$ 1,450,106
Other revenues	\$ 83,770	\$ 83,770		\$ 83,770	\$ 83,770	\$ 83,770
unrealized holding gain	\$ 39,613					
Projected revenue increase			45%	\$ 639,690	\$ 646,087	\$ 652,548
Total Operating Revenues	\$ 1,516,907	\$ 1,491,229		\$ 2,144,994	\$ 2,165,606	\$ 2,186,424
Total Operating Expenses	\$ 1,710,842	\$ 1,762,167	3%	\$ 1,815,032	\$ 1,869,483	\$ 1,925,567
Operating Income	\$ (193,935)	\$ (270,938)		\$ 329,962	\$ 296,123	\$ 260,857
Interest Expense	\$ 224,308	\$ 303,639		\$ 299,330	\$ 294,932	\$ 290,275
Change in Net Assets	\$ (418,243)	\$ (574,577)		\$ 30,632	\$ 1,191	\$ (29,418)
Supplemental Information						
Principal payment	\$ 36,746	\$ 113,530		\$ 115,401	\$ 122,362	\$ 124,419
Depreciation	\$ 182,145	\$ 182,145		\$ 182,145	\$ 182,145	\$ 182,145
Water Rates						
Residential						
First 1,500 gallons	\$ 13.68					
over 1,500 gallons	\$ 4.69					
Commercial						
First 5,000 gallons	\$ 20.06					
over 5,000 gallons	\$ 4.22					
City of Bluff City						
First 100,000 gallons	\$ 200.63					
over 100,000 gallons	\$ 3.27					
Utility Districts per 1000 gallon	\$ 2.20					
Industrial						
Minimum bill	\$ 530.00					
Per thousand gallons	\$ 3.06					
Trailers, apts, multiple users						
First 1,500 gallons	based on units					
over 1,500 gallons	involved					
Tapping fee	\$ 1,000.00					
Return check fee						
Reconnect fee	\$ 30.00					
Disconnect fee						
Customers	2,237					

UTILITY MANAGEMENT REVIEW BOARD
Case Study

Case: Copper Basin Board of Public Utilities
Board Chair: Jackie Russell
Customers: 1,321 water, 214 sewer

The Copper Basin Board of Public Utilities has been reported as having a negative change in net assets for at least five years according to the information contained in audited financial statements.

There are numerous issues that must be dealt with regarding this entity.

1. Many years ago, the office of the Comptroller of the Treasury determined that this entity was a component unit of Polk County created under TCA Title 5, Chapter 16. Since that time, it has been reported to the Division of County Audit. The name Copper Basin Utility District is used alternately with Copper Basin Board of Public Utilities. There is a question if either entity was correctly formed under state law and filed with the Secretary of State. The Secretary of State has no record of either entity. Which entity is correct? *As of 8/14/09, the Copper Basin Utility District has been filed with the Secretary of State.*
2. At least a portion of the debt of the entity was approved by Polk County and guaranteed by Polk County – even though it was paid by the entity. Part of the debt was issued as revenue and tax bonds and other parts were issued only as revenue bonds. If the entity is a utility district, then the county would not be required to issue or guarantee the debt. If the entity is part of the county, then it has no authority to issue debt on its own. *The District is to either refinance the current debt or seek to have the debt reassigned to the District.*
3. It appears that an act was passed by the General Assembly several years ago (between 1990 and 1995) allowing the size of the board to increase from three to five members. It is difficult to determine if the current board is properly in place with the proper terms and has the authority to make decisions. The passage of that act may affect the other utility districts in Polk County (Cherokee Hills and Ocoee) regarding size of the board. *Since it was difficult to determine if the current board was properly in place with the proper terms, the resolution approved by the County Board of Commissioners will reaffirm those appointed members to a specific term.*
4. There are differences in operational or managerial procedures between a utility district and a county system.

The financial distressed condition of the entity has not been addressed pending the resolution of the issues above. Staff met with the County Executive in August 2008 and the entity board in September 2008 and granted a delay in appearing before the Board to resolve the issues. However, such a long delay was not anticipated.

After several attempts to encourage resolution, staff notified the County Executive and the Board Chairman in May 2009 that the Copper Basin Board of Public Utilities was required to appear before the Water and Wastewater Financing Board (WWFB) on September 10, 2009. Although the WWFB has the authority to act regardless of the issues mentioned above, it has a memorandum of understanding to allow the Utility Management Review Board to act on cases of utility districts.

Staff projected that a revenue increase of 45% would be needed based on the FY 2008 audit. Representatives from the Tennessee Association of Utility Districts have also met with the utility officials and suggested that they review their policies and procedures. The amounts of overtime staff is being paid appear to be very excessive.

In early August, information was received from the attorney for the District explaining the current situation. That information is attached. However, as of August 14, 2009, the financial condition of the District has not been addressed, or, the information has not been shared with staff.

Since the audit has always been filed with the Division of County Audit, the referral was made to the WWFB. Based on the information received from the attorney, it appears that this entity is a utility district and should have been reported to the Utility Management Review Board. Staff recommends that the WWFB refer this case to the Utility Management Review Board for further action.

The information submitted to staff reflects that a 17% rate increase was enacted in 2008 and another 17% in May 2009. The District projects that a positive change in net assets will be reflected for the year ending June 30, 2010. There may be a slight problem with an across the board rate increase, however. The Town of Ducktown – the entire sewer system of Copper Basin – has a contract that states that the sewer rate can be no more than 50% of the water rate.

At the current time, staff recommends that the Board endorse the actions of the District and continue to monitor them until financial compliance is reached. Staff also recommends that all debt in the name of Polk County be changed to the District.

**COPPER BASIN UTILITY DISTRICT
HISTORY FILE**

	Audited 2004	Audited 2005	Audited 2006	Audited 2007	Audited 2008
June 30					
Water/sewer revenues	\$ 514,056	\$ 463,113	\$ 449,110	\$ 515,148	\$ 570,676
Other revenues	\$ 19,665	\$ 7,460	\$ 45,620	\$ 27,557	\$ 36,291
Total Revenues	\$ 533,721	\$ 470,573	\$ 494,730	\$ 542,705	\$ 606,967
Total Operating Expenses	\$ 537,432	\$ 582,142	\$ 611,963	\$ 667,498	\$ 672,318
Operating Income	\$ (3,711)	\$ (111,569)	\$ (117,233)	\$ (124,793)	\$ (65,351)
Interest Expense	\$ 46,755	\$ 34,780	\$ 52,002	\$ 39,283	\$ 43,853
Change in Net Assets	\$ (50,466)	\$ (146,349)	\$ (169,235)	\$ (164,076)	\$ (109,204)
Supplemental Information					
Principal payment	\$ 32,588	\$ 32,451	\$ 32,356	\$ 38,769	\$ 39,489
Depreciation	\$ 151,872	\$ 148,689	\$ 150,075	\$ 153,238	\$ 145,588
Water Rates					
<i>Residential</i>					
First 2,000 gallons			\$ 15.00	\$ 16.00	\$ 19.89
Over 2,000 gallons			\$ 4.88	\$ 5.13	\$ 6.00
<i>Commercial</i>					
First 2,000 gallons			\$ 17.00	\$ 18.00	\$ 22.23
Over 2,000 gallons			\$ 4.88	\$ 6.60	\$ 7.72
Customers			1,240	1,286	1,321
Sewer Rates					
<i>Residential</i>					
First 2,000 gallons			\$ 7.00	\$ 7.25	\$ 8.48
Over 2,000 gallons			\$ 2.97	\$ 3.27	\$ 3.83
<i>Commercial</i>					
First 2,000 gallons			\$ 10.00	\$ 10.50	\$ 12.29
Over 2,000 gallons			\$ 5.19	\$ 6.19	\$ 7.53
Customers			209	211	214
WATER LOSS				19.84%	18.00%

Copper Basin Utility District									
Projections									
				1%	Growth rate Projection 2010	Growth rate Projection 2011	Growth rate Projection 2012	Growth rate Projection 2013	
June 30	Audited 2008	Projected 2009							
Water/sewer revenues	\$ 570,676	\$ 520,517			\$ 525,722	\$ 530,979	\$ 536,289	\$ 541,652	
Other revenues	\$ 36,291	\$ 27,557			\$ 27,557	\$ 27,557	\$ 27,557	\$ 27,557	
				45%	\$ 236,575	\$ 238,941	\$ 241,330	\$ 243,743	
Total Revenues	\$ 606,967	\$ 548,074			\$ 789,854	\$ 797,477	\$ 805,176	\$ 812,953	
Total Operating Expenses	\$ 672,318	\$ 687,523		3%	\$ 708,149	\$ 729,393	\$ 751,275	\$ 773,813	
Operating Income	\$ (65,351)	\$ (139,449)			\$ 81,705	\$ 68,084	\$ 53,901	\$ 39,139	
Interest Expense	\$ 43,853	\$ 42,804			\$ 40,592	\$ 38,638	\$ 36,662	\$ 34,346	
Change in Net Assets	\$ (109,204)	\$ (182,253)			\$ 41,113	\$ 29,446	\$ 17,239	\$ 4,793	
<u>Supplemental Information</u>									
Principal payment	\$ 39,489	\$ 44,740			\$ 40,219	\$ 40,688	\$ 46,179	\$ 46,693	
Depreciation	\$ 145,588	\$ 145,588			\$ 145,588	\$ 145,588	\$ 145,588	\$ 145,588	
Water Rates									
<i>Residential</i>									
First 2,000 gallons	\$ 19.89								
Over 2,000 gallons	\$ 6.00								
<i>Commercial</i>									
First 2,000 gallons	\$ 22.23								
Over 2,000 gallons	\$ 7.72								
Customers	1,321								
Sewer Rates									
<i>Residential</i>									
First 2,000 gallons	\$ 8.48								
Over 2,000 gallons	\$ 3.83								
<i>Commercial</i>									
First 2,000 gallons	\$ 12.29								
Over 2,000 gallons	\$ 7.53								
Customers	214								
WATER LOSS	18.00%								

Copper Basin Utility District

September 24, 2009

Joyce Welborn
505 Deaderick St., Ste 1700
James K. Polk Office Bldg.
Nashville, TN 37243-0274

Jackie Russell – Chairman
Roger Thomasson – Vice-Chairman
U.H. Taylor, Jr.
Robert Coffey
David Bigham

Re: Financial Recovery Plan

Dear Ms. Welborn:


Please consider this letter and the attachment as the plan of the Copper Basin Utility District to recover our financial condition to where we have a positive change on our net assets on an annual basis. Our means to accomplish this is through the increase of revenues by adjusting our water and sewer rate structures and increasing our usage rates to all of our customers to generate sufficient revenues.

The attachment outlines our recent past and near future financial conditions and the impacts on our net assets. We raised our water and sewer rates 17% in FY 2009; however we did not realize the revenue expected due to our customer water consumption dropping during last year, as was the trend in most utilities during the same period. We believe this was largely impacted by the current economic conditions.

We also raised our water rates 17% again in the current FY 2010 as we advised you in our July 9, 2008 letter. We intend to raise our sewer rates this year as we planned, but we have not yet put those rates in place. We are in the process of resolving a provision of our agreement with the City of Ducktown that prevents the District from raising the residential sewer rates to be greater than 50% of the residential water rates. This was a provision on our 1999 agreement to assume ownership of the City's wastewater system. As soon as we resolve this matter, the District plans to adjust the sewer rates as well to assist in meeting our financial obligations.

Based on the information provided, please advise if there are any questions or the need for additional information at this time.

Sincerely,



Copper Basin Utility District
Jackie Russell – Chairman

**FINANCIAL PROJECTIONS
WATER AND SEWER SYSTEM
COPPER BASIN UTILITY DISTRICT**

FY End June 30	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013
	Audited	Audited	Unaudited*	Projected*	Projected*	Projected	Projected
Water/Sewer Revenues	\$515,148	\$570,676	\$631,844	\$745,576	\$782,855	\$790,683	\$798,590
Other revenues	\$ 27,557	\$ 36,291	\$ 43,918	\$ 51,823	\$ 54,414	\$ 54,958	\$ 55,508
Total Revenues	\$542,705	\$606,967	\$675,762	\$797,399	\$837,269	\$845,641	\$854,098
Total Operating Expenses	\$667,498	\$672,318	\$723,909	\$745,626	\$767,995	\$791,035	\$814,766
Operating Income	\$(124,793)	\$(65,351)	\$(48,147)	\$ 51,773	\$ 69,274	\$ 54,606	\$ 39,332
Debt Interest Expense	\$ 39,283	\$ 43,853	\$ 42,804	\$ 40,592	\$ 38,638	\$ 36,662	\$ 34,346
Change in Net Assets	\$(164,076)	\$(109,204)	\$(90,951)	\$ 11,181	\$ 30,636	\$ 17,944	\$ 4,986
Supplemental Information							
Debt Principal Payment	\$ 38,769	\$ 39,489	\$ 44,740	\$ 40,219	\$ 40,688	\$ 46,179	\$ 46,693
Depreciation Expense	\$145,588	\$145,588	\$145,588	\$145,588	\$145,588	\$145,588	\$145,588

*FY 2009 17% rate increase effective July 2008 – Some of rate increase consumed by drop in water usage and unplanned expenses in 2009

*FY 2010 17% rate increase adopted

*FY 2011 5% rate increase planned if needed

Revenue growth rate in projected years is 1%

Expense increase in projected years is 3%

Additional Information

Current Water Rates

Residential
 First 2,000 gallons \$19.89 minimum
 Next 3,000 gallons \$ 7.50 per 1,000
 Over 5,000 gallons \$ 9.00 per 1,000

Commercial
 First 2,000 gallons \$26.01 minimum ¾" meter
 \$36.96 minimum 1" meter
 \$71.18 minimum 2" meter
 \$105.41 minimum 4" meter
 \$139.63 minimum 6" meter
 Next 3,000 gallons \$ 9.65 per 1,000
 Over 5,000 gallons \$11.58 per 1,000

Current Water Customers 1,112
 Water Loss 18%

Current Sewer Rates**

Residential
 First 2,000 gallons \$ 8.48 minimum
 Over 2,000 gallons \$ 3.83 per 1,000

Commercial
 First 2,000 gallons \$12.29 minimum
 Over 2,000 gallons \$ 7.53 per 1,000

** Sewer rate increases currently being prepared for adoption

Current Sewer Customers 214

Status Report

Case: Bedford County Utility District
Location: Bedford County
Manager: Martin Davis
Customers: 239 gas

The Bedford County Utility District has been reported to the Board as having at least five consecutive years with a negative change in net assets and a deficit total net assets in its gas system as of June 30, 2008.

The rates in effect as shown in the June 30, 2008 audit were:

Minimum bill \$ 5.00 minimum bill

Rates per MCF varies throughout the year

In August 1997, the District petitioned the UMRB to be allowed to add gas and sewer services. Shortly after the adoption of the feasibility plan prepared for the District, the "bottom fell out" of the natural gas market. This created extreme hardships on the District, which it has yet to overcome.

The District has tried many ways to gain additional customers, but to no avail.

At its meeting in October 2008, the Board granted the District additional time to "aggressively market the system" and report to the Board in six months the progress of the plan. At its meeting in April 2009, the Board decided that the District should submit an updated report describing the District's financial condition to staff within the next six months for presentation to the UMRB. Attached is that required report.



September 18, 2009

Mr. Martin Davis, General Manager
Bedford County Utilities District
P.O. Box 2755
Shelbyville, TN 37162

RE: BEDFORD COUNTY UTILITY DISTRICT NATURAL GAS DEPARTMENT
COMPARISON OF FISCAL YEAR 2008 TO FISCAL YEAR 2009

Dear Mr. Davis,

Bedford County Utility District ("the District") engaged Jackson Thornton Utilities ("JTU") to provide consulting services for the District's gas system. JTU has completed a review of the District's billings, consumption, and revenue by rate class for the Fiscal Year 2008 (July 2007 – June 2008) and the Fiscal Year 2009 (July 2008 – June 2009). In addition, we have compared growth in expenses for the same periods.

In October 2008, the Utility Management Review Board ("UMRB") requested that the District provide updates on the progress of achieving specific goals outlined in a letter prepared by JTU dated September 9, 2008 and submitted to the UMRB at its October 2008 meeting. The following is an analysis summarizing the District's continued success in meeting those specific goals. Our initial analysis referenced four (4) areas, **customer growth, natural gas sales, cost control and rates**, as critical to the long-term viability of the District's gas system.

Customer Growth – For the year, the District has seen a 3.4% increase in Residential billings and a 9.5% increase in non-residential billings. This is significant because the District has recognized the poultry industry as a key component to long-term success.

The table below illustrates the continued customer growth that the District's gas department has seen during the review period:

BCUD Gas Department Billings				
	2008	2009	Annual Change	% Change
Residential	2,808	2,904	96	3.4%
Non Residential	252	276	24	9.5%
System Total	3,060	3,180	120	3.9%

Natural Gas Sales – The District has experienced significant growth in natural gas sales, realizing a 38% increase over FY 2008. While this is partially weather related, the customer growth illustrated above is also a major factor in the sales growth illustrated below:

BCUD Gas Department Sales (CCF)				
	2008	2009	Annual Change	% Change
Residential	118,418	162,721	44,303	37.4%
Non Residential	141,978	196,420	54,442	38.3%
System Total	260,396	359,141	98,745	37.9%

Sales Revenue – With increases in both customers and units sold, it is only natural for there to also be an increase in the amount of revenue for the District. The table below illustrates the revenue growth for FY 2008 and 2009:

BCUD Gas Department Revenue				
	2008	2009	Annual Change	% Change
Residential	\$ 178,434	\$ 216,750	\$ 38,316	21.5%
Non Residential	\$ 189,515	\$ 235,096	\$ 45,581	24.1%
System Total	\$ 367,949	\$ 451,847	\$ 83,897	22.8%

The income statement for the natural gas system has also improved significantly over the prior fiscal year.

	<u>FY 2008</u>	<u>FY 2009</u>	<u>\$ Change</u>
Total Revenue	\$ 381,379	\$ 483,433	\$ 102,054
Total Expenses	\$ 415,990	\$ 458,012	\$ 42,022
Net Income - Operations	<u>\$ (34,611)</u>	<u>\$ 25,421</u>	<u>\$ 60,032</u>
Total - Other Exp	\$ 195,298	\$ 194,314	\$ (985)
Net Income	<u>\$ (229,909)</u>	<u>\$ (168,893)</u>	<u>\$ 61,017</u>

Aside from realizing a positive Operating Income, the following improvements are worthy of mention:

	<u>FY 2008</u>	<u>FY 2009</u>	<u>\$ Change</u>
Revenue Minus Gas Cost	\$ 107,031	\$ 192,431	\$ 85,400
Operating Expense Minus Gas Cost	\$ 141,641	\$ 167,009	\$ 25,368
Balance Available for Debt Service	\$ 77,601	\$ 142,178	\$ 64,577
Times Interest Earned Ratio	(0.18)	0.13	
Debt Service Coverage	0.33	0.57	

Rates – The District continues to maintain a competitive advantage over propane in the service area. The District also believes that tax credits from the federal government and rebates currently being offered by manufacturers will help encourage additional growth in the Residential market.

In conclusion, the District has seen continued growth in billings, unit sales, and revenue from FY 2008 to FY 2009. The District recognizes that it needs to continue improving in all three categories and continues to make this a priority. With outside assistance, the District will continue to track and monitor the gas system and make changes when warranted. The District is confident that, given time, the natural gas department will become self-sufficient. The District remains committed to this goal and continues to employ all the necessary resources to ensure this goal is met.

Sincerely,



K. Burton Benkwith III
Senior Manager, Jackson Thornton Utilities

Utility Management Review Board Status Report

Case: Iron City Utility District
Location: Lawrence County
Manager: Tim Lamprecht
Customers: 260 water
Water Loss: 53.32%

The Iron City Utility District has shown a negative change in net assets for the past eight years.

The water rates effective reflected in the December 31, 2008 audit were:

First 2,000 gallons	\$26.00 minimum bill
Over 2,000 gallons	\$ 8.20 per thousand gallons
Average 5,000 gallons	\$44.60

The average water bill increased by approximately 44% effective January 1, 2009.

Since April 2008, the Board has received a copy of the minutes of the District at each of its Board meetings. TAUD has been working with the District for many years – a sometimes thankless job. The District has recently purchased land for a new pump station. The water loss – based on information in the FY 08 audit – have only been reduced a small percentage. But, Mr. Lamprecht told staff on September 21, 2009, that the loss was somewhere between fifteen and twenty percent. The pipes, it has been discovered, were not corrected “bedded” during installation and that is one reason for some of the losses. Every meter in the system has been replaced. A new employee was hired several months ago who is learning the system by reading meters and finding leaks.

Minutes
Iron City Utility District Board
Meeting Sunday March 29, 2009

RECEIVED
JUN 03 2009
LOCAL FINANCE

Call to Order by Phillip Palmer

Confirmation of Quorum

Present

- ICUD Board Members
 1. Tim Lamprecht, President
 2. Natonya (Lanier) Yocum
 3. Brenda Selman
 4. Jack Meigs
 5. Rayford Kimbrell
- Delphine Looney, Bookkeeper
- Phillip Palmer, Operator
- John Hall (ICUD Rep. to Comptrollers Office)
- Iron City Mayor Anthony Purser
- Iron City Councilmen Patrick Purser, Scott Novum
- Guest- Ateka Looney, Jamison Holden

Old Business: Ducktown Extension Project

Mr. John Hall who is our representative to the comptrollers office took the floor to provide the utility district board with information to aid them in making a decision to accept or not accept the Ducktown Extension as built at this time. Mr. Hall has had contact with the project engineer, Chet Rhodes, TDEC engineer Mr. Bill Hench, TDEC water supply Mr. David Money and others with information and input about this project.

Significant changes were made to the project without the approval of Iron City Utility District or Tennessee Department Of Conservation, Water Supply Division.

The changes of concern were the reduction of line size from 6 inch to 4 inch and downsizing of two booster station pumps from 7.5 horsepower to .75 horsepower.

Regulations state that any change to plans must be approved by Iron City, Iron City Utility District and TDEC, Water Supply Division.

Because of the changes Iron City Utility District will not be able to provide water to Ducktown Road in the amount, pressure range or velocities desired or required per the original plans.

The system as built will provide water for 5 customers, possible 10, but no more without major expense in upgrades. As built the system can not be flushed to the satisfaction of the state regulations which could put Iron City Utility District in violation of the regulations. As built the system can not expand its customer base on Ducktown Road. As built the system will not provide required pressures at all points on the line at all times.

Engineer, Chet Rhodes, said these changes were made to cut cost on the project and were made with approval from the parties involved. However the Iron City Utility District nor TDEC approved the changes. Unfortunately, Iron City, is in the middle of the situation because they did approve the changes but without proper knowledge or understanding of what the changes would do to the system.

The Iron City Utility Board must now make a decision to accept the project as built or not accept the project as built.

The Iron City Utility District Board can accept the system as is built, and in Mr. Halls opinion will only have a system that only works marginally or can refuse to accept and inform the engineer that the system will not be accepted until built as originally designed or until built and completed to provide flows, pressure, and velocities acceptable to Iron City Utility District and TDEC Division of Water Supply.

A suggestion as to a remedy was relocation of the pump station and installing the 7.5 horsepower pumps that were called for in the original plans.

Tim Lamprecht made a motion that the Iron City Utility District not accept the Ducktown extension as built at this time. The motion received a second from Rayford Kimbrell. A vote was taken on the motion and all commissioners voted in favor of the motion, none opposed. Mayor Purser stated he would be in touch with Lisa Cross of the CBDG program about the situation. Mayor Purser, Councilmen Purser and Novem stated the city would support Iron City Utility District on this decision.

A suggestion was made by Mr. Hall, to empower a board member to represent the District in conversation and work with the project engineer. Rayford Kimbrell made a motion to empower Tim Lamprecht to work with the project engineer to get this project completed. Mr. Jack Meigs gave a second to the motion. All board members voted in favor of the motion, none opposed.

Mayor Purser stated he will work with Mr. Lamprecht also in helping complete this project.

Mr. Hall next explained to the new commissioners their role as commissioners. He stated that each commissioner's input and vote is very important and carries responsibility. There are five board members. If at anytime the board gets together for a special meeting it must be first published in the paper. As long as the board follows the law and works together the Iron City Utility District should have no problems.

Mr. Hall suggested Iron City Utility District hire someone as a permanent maintenance employee to learn how to operate the system and become certified and eventually manage the system. It was recommended to hire someone locally with higher than normal math and reading skills, computer literacy, ability to operate or learn to operate a backhoe, ability to read and set meters, able to follow directions etc. All training would be under the supervision of Phillip Palmer.

Mr. Hall suggested that when we get our water loss under control that we may want to put a scada system at the Mt. Nebo meter station. This will allow information on flow from St. Joe to be accessed by computer at all times to give a better handle on the purchased water situation. A scada system can be set up to show water use trends and when a leak is occurring without having to physically send someone out to the meter daily.

The board and the others present thanked Mr. Hall for his information and his continued support of the Iron City Utility District.

Tim Lamprecht made a motion to adjourn the meeting. As second was made to the motion by NaTonya Yocum. All commissioners voted in favor of the motion, none opposed and the meeting was adjourned.

Approved By

Tim Lamprecht
Tim Lamprecht, President

5/31/09
Date

Jack Meigs
Jack Meigs, Commissioner

5-31-09
Date

NaTonya Yocum
NaTonya Yocum, Commissioner

5-31-09
Date

Brenda Selman
Brenda Selman, Commissioner

5-31-09
Date

Rayford Kimbrell
Rayford Kimbrell, Commissioner

5-31-09
Date

Iron City Utility Meeting
Sunday April 26, 2009

Meeting was called to order by Phillip Palmer and all board members are present. First order was reading of the minutes by Phillip Palmer. NaTanya made a motion to amend some of the wording of the minutes and Brenda Selman seconded the motion. The amended minutes will be read before the next meeting.

Old business discussed were the Ducktown Project that the engineer made some mistakes on. The pump stations will not work on this project and the State engineer said this wouldn't work. This information came from meeting in Columbia field office. It was agreed upon the engineer would bring his equipment and draw up new plans. The work that needs to be done to correct the problem will not be paid for by the Utility District, but we don't know who will pay for it. Payment for the problem was left on the table.

At the meeting we were told we would not get any violation or fines. The State after everything is done by the engineer to straighten up this problem didn't say if there would be consequences put on the engineers. Two more engineers came with Mr. Rhodes, engineer, to the meeting Friday at City Hall. They brought drawings of where pump station would be moved. There will be either a walk in station with bladder tank or it could be fiberglass like the one on Wayland Springs. Mr. Rhodes was terminated from Palmer Engineer as of May 1st and he informed us of this.

When measurements were taken by Palmer Engineer they got same results as John Hall. Where we think the station should go will have to be surveyed to determine right of way or if it's going to be on someone's land. No matter where the pump station is put, it cannot be ugly or make someone property look bad. The county surveyor will do the survey next week. We have to have certified survey. The two new engineers are Greg Isaac and Kevin Thompson. They said they would be available for questions or comments if we had any. The station already in place will stay there, but it will not be used. It may not have a control panel in it, if they decide to use it on new pump station or they may have to get a new one. Tim Lamprecht made a motion to get surveyor. NaTanya seconded and it was a unanimous decision.

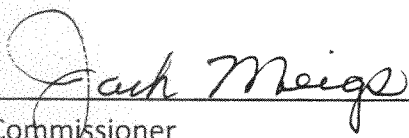
We have been working on a leak on Oak St. Steve Ellis and Paul Turner from Loretto came to help us with this. The line at Shirley Adams was replaced and we believe we have fixed the leaks on Oak St. If we have fixed this we are at only 22% loss of water. Rayford made a motion to set fire plug at the leak on Nebo Rd. Tim seconded and everyone was in favor.


We still have to get our leaks down more so we're hoping to get the one at Nebo fixed and loss of water will go down.


By John Hall's recommendation we are looking for a full time operator. We had five to show interest. Two of these didn't have high school diploma. Jonathan Gray and Alex Bradley were made appointments with John Hall before there meetings Mr. Bradley canceled and Mr. Gray had to reschedule so we may be back at square one.

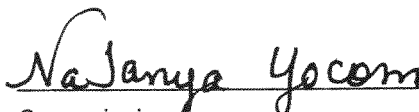
Mrs. Looney gave us our financial report. Tim made a motion to buy a 110 air conditioner for filter plant and Brenda seconded and every one agreed.

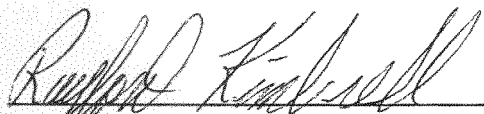
We have to fix the road back where we have fixed leaks, the city told us we could use their pacer or we may see how much the city would charge us or Steve Ellis said he would sell us just what we needed and come fix it. Rayford made a motion to adjourn, Jack seconded it and all other commissioners said I yea and the meeting was adjourned.


Commissioner


Commissioner


Commissioner


Commissioner


Commissioner

Commissioner

Iron City Utility Meeting
Sunday May 31, 2009 @ 4:00 p.m.

RECEIVED
JUN 30 2009
LOCAL FINANCE

Present at meeting: NaTanya Yocum, Tim Lamprecht, Brenda Selman, Jack Meigs, Delphine Looney, Rayford Kimbrell, Phillip Palmer and Poly Marsh

Meeting was called to order with all board members present. Rayford made a motion to accept last month's minutes, which was seconded by Tim Lamprecht.

Polly Marsh was here to let us know our deficit was \$14,464. Our current assets are \$30,244. Total liabilities are \$15,757. We're eating into our assets. Our operating loss is \$14,464. She is afraid we are going to go into the red. Unrestricted assets are \$13,720. The leak situation is a lot better, than last year which was 53% of water loss.

A big leak was found at the tank and on Oak Street and that was a lot of our water loss. On the corner of Shiloh Road and Mt. Nebo Rd. we put in a valve to see if we could find a leak. We have gone from 80,000's to 40,000's a day. When valve was put in we had to flush and put in new fire hydrant. Water purchases are coming down.

We are still trying to find someone full time for operating and become certified with Phillip training. The State wants us to have workman's comp. by July 1, as they are using our equipment and the job has a lot more risk than setting behind a desk. Polly needs to know about treating people as employees instead of contract labor. It depends on the situation. The Government doesn't say exactly who is employee and who is contract labor. Chuck Doerflinger and Polly also believe the person running our equipment could say they were employee and not contract labor. We can only change our status as of July 1st. We were covered in the past because of 1099's being reported. As far as equipment operator, we could hire someone on need to basis and they have their own equipment, they would be contract labor. In past cash reserves were larger. Tim made motion for Polly to send in letter by July 1st because we may have a full time employee to cover us for worker's comp and unemployment. NaTanya seconded, so if we find a full time employee between July 1st this year and July 1, 2010. Everyone agreed and Polly will send this letter in.

Robin is coming Tuesday to meet with Mrs. Delphine. Mrs. Delphine went over financial report.

Phillip went over Ductown project we have got to hussle on this. Tim and some other people have talked to Mrs. Tucker. The surveyer came down and actually Mrs. Tucker owns to the center of the road. Phillip and the engineer talked to her and she said no. Mr. Roberson and Mr. Campbell said if it surveyed out and if it surveys across the road Mr. Campbell said if it's his we can put the pump house there. If we could buy property we would be better off because he wants a little cash and water rights as long as his family lives there so this is a problem. Phillip has suggested Tim call John Hall in the morning and discuss the situation with him and find out about condemning the property. We have to resolve this quickly. We need to find out the best way to do this and see if Palmer Engineering is responsible for this.

Rayford made a motion to adjourn , which Tim Lamprecht seconded.

Paul K. Meigs
Commissioner

Jim Lamprecht
Commissioner

Commissioner

Iron City Utility Meeting
Friday, June 26, 2009 @ 4:00

Present at meeting were NaTanya Yocum, Tim Lamprecht, Brenda Selman, Rayford Kimbrell, Jack Meigs, Delphine Looney, Phillip Palmer, Morgan Daniels, Dale Marie Hale, Jeff Hale, and Ellis and Betty Cabler.

Meeting was called to order by Phillip Palmer and all board members were here for full quorum. Minutes of the last meeting were accepted and motion was made by Rayford Kimbrell to approve the minutes. This motion was seconded by NaTanya Yocum and all members agreed. Mrs. Delphine Looney gave us an oral financial report. We had auditor's fees that were paid in June and this cut in to our financial report and there were some other expenses that were usually not coming out of our monthly expenses. We had to pay Polly Marsh, surveyor, taxes, and had to purchase land this is expenses we will not have next month. Once audit comes back it will be at the filter plant and a notice will run in the newspaper. Phillip Palmer's operator report, and water quality report has to be run in paper and is posted at filter plant and City Hall and it has been sent to the state.

The drawings we have shows the pump station that was put in by error and the new facility is on the drawing. The new facility will be put on Sterling Roberson's land and that is the land purchased. This is the reason for the survey and Mr. Roberson sold it to us for \$300 and we have informed all individuals involved. The board members will have to approve this after Mr. Hall approves it. We will have a meeting July 9th in the evening with Jim Waller, the engineering co. that did our drawings and oversaw this problem. Phillip will let us know the time of the meeting. We had our sanitary survey. They come once a year and go over all records, tests, files and spent all day going through everything of operating. This year our rating was 98 out of 100. This was our first approval in years. Our flushing program, all blow-offs and fire hydrants have to be flushed according to a state flushing program. We are only about three weeks behind and Phillip is going to get them caught up.

Phillip has fixed the form Polly asked for concerning contract labor. The contractor and operator and commissioners have to sign this and the form has to be completely filled out.

The question was asked about pressure on Wayland Springs because they lose water when power is off because the pump will not push the water on up the hill without the power. The water rates were questioned. Phillip Palmer addressed this question. Some of the reasons

RECEIVED
JUL 29 2009

LOCAL FINANCE

Motion to adjourn was made by Rayford Kimbrell and seconded by Tim Lamprecht.

Natanya Yocum
Commissioner

Rayford L. Kimball
Commissioner

Commissioner

Let Delphine know by Saturday if something needs to be corrected

Iron City Utility Meeting
Sunday, July 26, 2009

Present at meeting: Phillip Palmer, Delphine Looney, Tim Lamprecht, Rayford Kimbrell, Brenda Selman, NaTanya Yocom, and Jack Meigs.

Meeting was called to order by Phillip Palmer and all members are present. The minutes of the last meeting were approved by Tim Lamprecht and seconded by Rayform Kimbrell and all members approved.

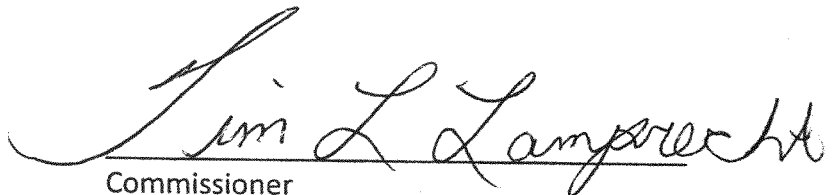
We went over the financial report. We all received a copy of the audit done by Joe Osterfield. The auditor is stressing segregation of duties. We need to assign someone to go over the cards and printout. Rayford Kimbrell made a motion to take turns doing this and NaTanya Yocom seconded the motion, with all members agreeing. Brenda Selman said she would do the first check.

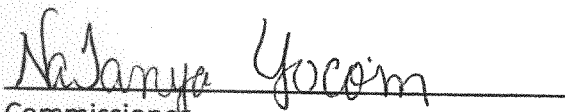
Water usage went up, and we are still checking for leaks.


The new drawings for Ducktown should be ready tomorrow or Tuesday. We will have to look over the drawings and decide whether or not to approve them. Phillip Palmer is working on adjustments for E.O.P. (Emergency Operating Plans).

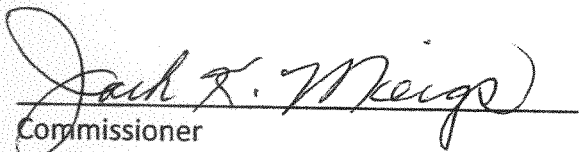
Motion to adjourn by Tim Lamprecht and seconded by NaTany Yocom.


Commissioner


Commissioner


Commissioner


Commissioner


Commissioner

Commissioner

RECEIVED

SEP 02 2009

LOCAL FINANCE

IRON CITY UTILITY DISTRICT										
HISTORY FILE										
	Audited 2001	Audited 2002	Audited 2003	Audited 2004	Audited 2005	Audited 2006	Audited 2007	Audited 2008		
Fiscal Year December 31										
Water revenues	\$ 62,486	\$ 61,427	\$ 65,624	\$ 77,226	\$ 76,098	\$ 82,794	\$ 87,325	\$ 129,821		
Other revenues	\$ 2,020	\$ 2,795	\$ 714	\$ 5,300	\$ -	\$ 2,648	\$ 4,457	\$ 9,181		
Total Operating Revenues	\$ 64,506	\$ 64,222	\$ 66,338	\$ 82,526	\$ 76,098	\$ 85,442	\$ 91,782	\$ 139,002		
Total Operating Expenses	\$ 73,618	\$ 73,082	\$ 78,294	\$ 88,963	\$ 110,791	\$ 131,379	\$ 157,087	\$ 200,903		
Operating Income	\$ (9,112)	\$ (8,860)	\$ (11,956)	\$ (6,437)	\$ (34,693)	\$ (45,937)	\$ (65,305)	\$ (61,901)		
Interest Expense	\$ 2,359	\$ 1,983	\$ 1,526	\$ 1,388	\$ 1,257	\$ 1,198	\$ 993	\$ 855		
TCA Reportable Income	\$ (11,471)	\$ (10,843)	\$ (13,482)	\$ (7,825)	\$ (35,950)	\$ (47,135)	\$ (66,298)	\$ (62,756)		
Other revenue not allowed in distressed computation	\$ 4,948	\$ 1,860	\$ 1,146	\$ 930	\$ (3,044)	\$ 2,056				
Supplemental Information										
Principal payment	\$9,188	\$9,592	\$ 5,338	\$ 2,442	\$ 2,631	\$ 2,710	\$ 2,815	\$ 791		
Depreciation	\$ 32,014	\$ 31,567	\$ 31,027	\$ 34,303	\$ 40,143	\$ 40,143	\$ 39,492	\$ 39,479		
Water Rates										
First 2,000 gallons			\$ 13.24	\$ 14.24	\$ 14.24	\$ 14.24	\$ 15.99	\$ 26.00		
All over 2,000 gallons			\$ 4.80	\$ 5.00	\$ 5.00	\$ 5.00	\$ 5.00	\$ 6.20		
Customers			240	266	263	259	258	260		
Water Loss								53.32%		

Iron City Utility District						
Projections						
			0%	Growth rate Projection 2010	Growth rate Projection 2011	Growth rate Projection 2012
	Audited 2008	Projected 2009				
Fiscal year 12/31						
Water revenues	\$ 129,821	\$ 129,821		\$ 129,821	\$ 129,821	\$ 129,821
Other revenues	\$ 9,181	\$ 9,181		\$ 9,181	\$ 9,181	\$ 9,181
Rate increase projection			60%	\$ 77,893	\$ 77,893	\$ 77,893
Tot. Oper. Revenue	\$ 139,002	\$ 139,002		\$ 216,895	\$ 216,895	\$ 216,895
Tot. Oper. Expenses	\$ 200,903	\$ 206,930	3%	\$ 213,138	\$ 219,532	\$ 226,118
Operating Income	\$ (61,901)	\$ (67,928)		\$ 3,757	\$ (2,638)	\$ (9,223)
Interest Expense	\$ 855	\$ 727		\$ 629	\$ 542	\$ 451
TCA Reportable Income	\$ (62,756)	\$ (68,655)		\$ 3,128	\$ (3,180)	\$ (9,674)
Other revenue not allowed in distressed computation						
<u>Supplemental Information</u>						
Principal payment	\$ 791	\$ 1,968		\$ 1,676	\$ 1,760	\$ 1,848
Depreciation	\$ 39,479	\$ 39,479		\$ 39,479	\$ 39,479	\$ 39,479
Water Rates	1/1/2009					
First 2,000 gallons	\$ 26.00	\$ 14.24		\$ 22.78	\$ 22.78	\$ 22.78
All over 2,000 gallons	\$ 6.20	\$ 5.00		\$ 8.00	\$ 8.00	\$ 8.00
Customers	260	260		260	260	260
	53.32%					

Webb Creek Utility District

Outdoor Resorts of America Issues (filed 12/12/08):

1. District's rate not based on rate study or cost of service determination
2. District has applied the rates inappropriately (multiple connections vs. single connection)
3. District's wastewater rates generate additional revenue to supplement losses generated by the District's water service.

Bent Creek Golf Village Condominium Association (filed May 13, 2008)

Main objection: District's claim that each "timeshare unit" is an "equivalent" unit for purposes of the minimum bill.

These complaints resulted in an independent rate analysis being conducted by the District. A copy of that study can be downloaded from the UMRB website just below the agenda link. Following this sheet are the proposed rates and definitions resulting from the study.

**PROPOSED
SCHEDULE OF RATES AND CHARGES
WEBB CREEK UTILITY DISTRICT**

DRAFT

Equivalent Residential Unit (ERU) Definitions

Equivalent Residential Unit (ERU) – an ERU is defined by the average monthly number of gallons consumed by residential customers

Single Family ERU – a single residential unit that may or may not be attached to other single residential units, i.e. duplex, triplex, etc.

Condominium ERU – a single residential unit within a residential condominium development, and each separate amenity included in the condominium development that has water or sewer service from the District.

Timeshare ERU – a single residential unit within a residential timeshare development, and each separate amenity included in the timeshare development that receives water or sewer service from the District.

Non-Residential ERU – any single non-residential unit whose average water or sewer usage is within the typical average usage of the Single Family, Condominium, and Timeshare ERUs.

Luxury Campground ERU – a luxury campground space, whether occupied or not, and each separate amenity included in the campground that receives water or sewer service from the District.

Single Residential Unit - a single livable unit with proper sanitary facilities that may be separately occupied and closed off from any other unit, and that has a separate exterior entrance.

Single Non-Residential Unit – a single unit for commercial, institutional, governmental, or any other non-residential use that is separately occupied and closed off from any other unit, and that has a separate exterior entrance.

Luxury Campground – a campground with significant amenities and centralized water or sewer systems, either or both of which utilize the water or sewer systems of the District, either directly or indirectly.

Amenity – each amenity is considered a separate ERU and is defined as anything that uses water or sewer service, either directly or indirectly, from the District for any purpose, including, but not limited to, offices, restrooms, swimming pools, bath houses, food service facilities, gate houses, irrigation connections, mechanical equipment, meeting facilities, recreation facilities, laundries, and maintenance facilities.

DRAFT

SCHEDULE OF RATES AND CHARGES

Utility Rates

Water

All customer Classes per Equivalent Residential Unit

First 3,000 gallons \$52.70 minimum bill

All over 3,000 gallons \$3.77/1,000 gallons

Sewer

Customer Classes: Single Family Residential, Condominium Residential, Timeshare Residential, and Non-Residential per Equivalent Residential Unit.

First 3,000 gallons \$59.41 minimum bill

All over 3,000 gallons \$8.84/1,000 gallons

Customer Class

Luxury Campground Residential per Equivalent Residential Unit

First 1,650 gallons \$37.13 minimum bill

All over 1,650 gallons \$8.84/1,000 gallons

Equivalent Residential Unit (ERU) Definitions

Equivalent Residential Unit (ERU) – an ERU is defined by the average monthly number of gallons consumed by residential customers.

Single Family ERU – a single residential unit that may or may not be attached to other single residential units, i.e. duplex, triplex, etc.

Condominium ERU – a single residential unit within a residential condominium development, and each separate amenity included in the condominium development that has water or sewer service from the District.

Timeshare ERU – a single residential unit within a residential timeshare development, and each separate amenity included in the timeshare development that receives water or sewer service from the District.

Non-Residential ERU – any single non-residential unit whose average water or sewer usage is within the typical average usage of the Single Family, Condominium, or Timeshare ERU's.

Luxury Campground ERU – a luxury campground space, whether occupied or not, and each separate amenity included in the campground that receives water or sewer service from the District.

Single Residential Unit – a single livable unit with proper sanitary facilities that may be separately occupied and closed off from any other unit, and that has a separate exterior entrance.

Single Non-Residential Unit – a single unit for commercial, institutional, governmental, or any other non-residential use that is separately occupied and closed off from any other unit, and that has a separate exterior entrance.

Luxury Campground – a campground with significant amenities and centralized water or sewer systems of the District, either directly or indirectly.

Amenity – each amenity is considered a separate ERU and is defined as anything that uses water or sewer service, either directly or indirectly, from the District for any purpose, including, but not limited to, offices, restrooms, swimming pools, bath houses, food service facilities, gate houses, irrigation connections, mechanical equipment, meeting facilities, recreation facilities, laundries, and maintenance facilities.

Water Service Reconnection Fee

Water service re-connection fee is \$70.00 for service disconnected at customer request, or for non-payment of bill. (Note: before a re-connection will be approved, all bills due plus any penalties must be paid). Sewer service cannot be disconnected for customers receiving water service from the utility, therefore, service will continue to be billed at the current rate. For utility customers who do not receive water service from the utility, but do receive sewer service, there shall be a disconnection of sewer service if any unpaid sewer bill is more than 30 days delinquent and there has been notice to the customer of said delinquency for ten days by certified mail or attempted delivery to the customer of said notice for ten days by certified mail. In the event of disconnection of sewer service, there shall be a re-connection fee in the sum of \$70.00 per connection plus any utility cost associated with the physical termination of sewer service to the customer and re-connection of said sewer service to the customer."

Returned Check Fee

If a customer check is returned to the UTILITY by a financial institution for any reason, a fee in the amount of \$20.00 will be added to the amount due. The customer will be notified that the check is being held, and the customer will be required to pay the amount by money order, cashier's check or cash,.

Forfeited Payment Discount

All utility bills not received at the district office, 3625 Lindsey Mill Road, by 12:00 p.m. on the 25th of the month will be charged 10% late fee. If the 25th of the month falls on a holiday or weekend the late fees will be added at 12:00 p.m. the first work day following the 25th.

Customer Contract

Any customer or potential customer desiring utility service from the UTILITY shall fill out a CUSTOMER CONTRACT FORM. A transfer fee of \$25.00 will be charged if service is not disconnected. If service is disconnected a \$70.00 reconnection fee will apply. These fees are NOT a security deposit and is NOT refundable unless the UTILITY cannot within a reasonable period of time, provide service. All related fees will be paid in full before contract is executed. Water service may be disconnected if any customer fails to sign a customer contract after taking ownership or possession of a property.

Service Call

Customers that have need for service to their water system, after normal work hours, weekends and holidays, will be billed for this service call at these rates: (\$35.00/hour). For service calls during regular work day, the rates they will be billed at (\$25.00/hour).

Service Tap Fee

Sewer tap fee \$580.00

3/4" water meter tap fee \$725.00

Utility Contract 3/4" water meter tap fee \$525.00

1" meter tap fee \$850.00

Utility Contract 1" meter tap fee \$700.00

2" meter tap fee cost plus 20% administrative fee

2" Compound meter tap fee cost plus 20% administrative fee

4" Compound meter tap fee cost plus 20% administrative fee

Water taps requiring state highway road bore will be charged appropriate tap fee plus 20% administrative fee and cost of road bore.

Valve Tap Fee

2" tap cost plus 20% administrative fee

6"x4" tap cost plus 20% administrative fee

6"x6" tap cost plus 20% administrative fee

8"x6" tap cost plus 20% administrative fee

"PVC Taps Only"

Webb Creek Utility District reserves the right to make the tap or to require the contractor to make tap.

ADOPTION DATE: DECEMBER 3,1997

Revision #1 Dated September 1,1999

Revision #2 Dated February 2,2001

Revision #3 Dated September 7,2001

Revision #4 Dated October 5,2001

Revision #5 Dated February 7,2003

Revision #6 Dated October 3,2003

Revision #7 Dated February 6,2004

Revision #8 Dated November 5,2004

Revision #9 Dated October 7,2005

Revision #10 Dated January 6,2006

Revision #11 Dated September 1,2006

Revision #12 Dated February 1,2008

Revision #13 Dated

STATE OF TENNESSEE

PUBLIC CHAPTER NO. 423

HOUSE BILL NO. 1779

By Representative Casada

Substituted for: Senate Bill No. 660

By Senator Stanley

AN ACT to amend Tennessee Code Annotated, Title 7, Chapter 82, relative to utility districts.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 7-82-702, is amended by adding the following as a new subdivision (19):

(19) Review and conduct a hearing of any decision of any utility district upon a written request of any utility district customer or an affected developer concerning the justness and reasonableness of the utility district's requirement that the customer or the developer build utility systems to be dedicated to the utility district or the justness and reasonableness of fees or charges against the customer or the developer related to such utility systems. Such written complaint must be filed within 30 days after the utility board has taken action upon a written complaint to the board of commissioners of the utility district. In making its decision as to whether the requirements, fees or charges are just and reasonable, the utility management review board shall take into account the reasonableness of the utility district's rules, policies and cost of service as well as any evidence presented during the hearing. Any judicial review of a decision of the board is by common law certiorari with the county of the utility district's principal office as the proper venue.

SECTION 2. Tennessee Code Annotated, Section 7-82-701, is amended by deleting subsection (b)(3) in its entirety and by substituting instead the following:

(3) Seven (7) members appointed by the governor, three (3) of whom shall be experienced utility district managers, three (3) of whom shall be experienced utility district commissioners and one (1) of whom shall be a consumer residing in the state who may have experience in residential development but is not engaged in utility district management or operation. The consumer member shall be appointed for a four (4) year term of office at the expiration of the term of office of a utility district manager first occurring after the effective date of this act.

SECTION 3. Tennessee Code Annotated, Section 7-82-307(b)(1), is amended by inserting the language ", and may conduct a contested case hearing in accordance

with subdivision (B)," after the language "shall conduct a contested case hearing" and the language "within the service area".

SECTION 4. Tennessee Code Annotated, Section 7-82-307(b)(1), is amended by designating the existing language as subdivision (A) and by adding the following language to be designated as subdivision (B):

(B) If the comptroller of the treasury investigates or conducts an audit of a utility district, the comptroller shall forward to the utility management review board any published investigative audit reports involving a utility district incorporated under this chapter. The board shall review those reports and may conduct a contested case hearing on the question of whether utility district commissioners should be removed from office for knowingly or willfully committing misconduct in office; knowingly or willfully neglecting to fulfill any duty imposed upon such member by law; or failing to fulfill his or her or their fiduciary responsibility in the operation or oversight of the district.

SECTION 5. Tennessee Code Annotated, Section 7-82-307(b), is amended by deleting the words "member by law, then the board" in the first sentence of subdivision (2) and by substituting instead the following:

member by law; or failed to fulfill his/her or their fiduciary responsibility in the operation or oversight of the district, then the board

SECTION 6. Tennessee Code Annotated, Section 7-82-307(b)(3)(A)(i) is by deleting the word "or" at the end of subdivision (a), by adding the following language as a new subdivision (b), and by relettering the subsequent subdivision accordingly:

(3)(A)(i)

(b) A member or members failed to fulfill his/her or their fiduciary responsibility in the operation or oversight of the district; or

SECTION 7. This act shall be effective upon becoming the law, the public welfare requiring it.

PASSED: June 2, 2009

Tansi Sewer Utility District of Cumberland County
Petition analysis for October 1, 2009
Utility Management Review Board

The proposed service area is in Cumberland County, south of Crossville, Tennessee. The initial customers are in an area encompassed by the Lake Tansi Village (largely a retirement community.) The proposed district consists of 2,500 residents, but has approximately 5,000 to 6,000 undeveloped lots. There have been septic tank failure problems for many years in the area – which may be one reason for number of undeveloped lots.

In 2008, a not-for-profit company named Tansi Waste Management, Inc. (TWMI) was created to build a \$1.2 million sewer collection and treatment system for the amenities of the property owners association. That system is currently under construction.

The initial connections will consist only of the amenities of the property owners association which include an administrative office, two restaurants, golf course, playground, meeting facilities, indoor pool, maintenance facility, snack bar, and 17 rental cabins. When some of the residents of the development learned of the sewer project, they expressed interest in being included.

While researching funding available to provide service to an expanded system - including 550 single family residences, 132 time share units, and 12 businesses – it was decided by TWMI that in order to be financially feasible, the system must be a government entity. As a utility district, grants can be obtained and sewer connections can be mandated. Upon creation of the utility district, TWMI will give all the assets/interests to the district, which will also assume the current debt. As of this date, the only liability consists of \$275,202 promissory note owed by TWMI to the property owners association. Funding for the expanded system will consist of a Rural Development loan/grant and a Clean Water State Revolving Fund loan. Funding of \$955,000 from EPA has already been awarded to Cumberland County for the residential part of the project. Forty-five percent of the grant must be match dollars.

South Cumberland Utility District provides water service within the development and has authority to provide sewer service. South Cumberland prepared a feasibility study which reflected that there is not enough community interest to develop a sewer system for the cost. Therefore, the county has granted permission for Tansi to develop a system. The City of Crossville has a policy that no sewer connection will be made outside the city - except in the case of schools and maybe churches.

The total project cost is estimated to be \$6.66 million. The residential tap fee is projected at \$2,500; the commercial fee at \$5,000 per unit. A one-time commercial impact fee will be assessed at \$30 per gallon (based on an average flow rate.) The residential user fees will be \$20 per thousand gallons with a 2,000 minimum usage assessed. The same 2,000 gallon minimum will be assessed for commercial users with a per thousand gallon rate of \$30. Construction on all three phases is scheduled to be completed by 2011. It consists of serving 695 units.

At the time of my visit, the potential customers had not been told the costs involved to them. The tap fee is \$2,500, plus the purchase of the grinder pump and its installation. It is estimated that the customer will have approximately \$6,000 in up front costs – plus the monthly minimum bill.

The link to the petition for creation and the engineering report is on the UMRB website below the agenda.

JURISDICTION LIST FOR THE UTILITY MANAGEMENT REVIEW BOARD 10/1/09

<u>DISTRICT</u>	<u>COUNTY</u>	<u>LAST AUDIT</u>	<u>LAST BD. APPEARANCE</u>
Bedford County Utility District	Bedford	June-08	October-09
Bristol-Bluff City Utility District	Sullivan	July-08	October-09
Clay Gas Utility District	Clay	August-08	April-09
Copper Basin Utility District	Polk	June-08	October-09
Hampton Utility District	Carter	November-08	August-09
Holston Utility District	Carter	February-09	February-10
Hornbeak Utility District	Obion	April-07	August-07
Iron City Utility District	Lawrence	December-08	October-08
Lakeview Utility District	Hawkins	December-07	February-08
Lone Oak Utility District	Sequatchie	December-07	October-08
Minor Hill Utility District	Giles	December-08	October-09
Mooreburg Utility District	Hawkins	December-07	August-08
Riceville Utility District	McMinn	June-08	February-08
Roane Central Utility District	Roane	June-08	August-09
Samburg Utility District	Obion	January-08	October-08
Sunbright Utility District	Morgan	March-08	February-09
Upper Cumberland Gas Utility District	Cumberland	June-08	April-08
Webb Creek Utility District	Sevier	December-08	February-08
West Point Utility District	Lawrence	December-07	December-07

8/3/2009	jw	Leonard Rollins	423-591-1949 423-413-6260	Griffith Creek UD	wants commissioners out	needs to know procedures/ sent info to Bobby with request
8/10/2009	jw	Amanda Young	423-972-4693	Cross Anchor UD	rude/water quality issues/possible leak adj	new lines installed to serve her/ water black & had to run for days/tested, but not told test was positive. Filed complaint w/ JCFO. Explained UMRB procedures, told her to call me after adjustment by UD
8/10/2009	jw	Jr. Russell	423-272-7558	unknown		returned call and left message
8/10/2009	jw	Kellie Blevins	e-mail	Walden's Ridge UD	high connection fee	explained UMRB procedures
8/12/2009	jw	Ron Bowman	423-543-4420 (h)			
8/19/2009	jw	Hazel Bryant	423-743-3162(w)	South Elizabethton UD	high bills	explained UMRB procedures and 20% petition
8/19/2009	jw	Anthony Green	TRA	Savannah Valley UD	duplicate bills	explained UMRB procedures
			804-4546	White House UD	high bills	explained UMRB procedures
8/21/2009	jw	Donna Armstrong	456-3075 (c) 746-5956	East Montgomery UD	water cut off w/o notice	explained legal for UD to do that
8/25/2009	jw	Penny Whaley	931-200-9098	Bon de Croft UD	wants to file ouster petition	explained procedures. Will have Bobby call her for further instructions. Referred concerns re: theft to Phil Job.
8/25/2009	jw	Bobby Harden	423-213-6613 423-475-2430	1st UD of Carter	stealing money/violation of sunshine/not following policy	Explained complaint procedures
8/26/2009	jw	John Alley	865-494-7370	Anderson County Water	He is a county commissioners and wants Authority undone, too liberal with its powers	Gave him TCA 68-221-601 that allows creation of such an entity.
8/28/2009	jw	Frank Endovino	423-650-0279	Ocoee UD	1st bill is \$2600 and UD won't adjust	very argumentative, says pressure too high, would not listen - explained procedures as an appeals board.
8/31/2009	jw	not given	423-305-0038	Savannah Valley UD	gone to a 25 day billing cycle instead of 30	will cause customer to pay at least 14 bills in a 12 month period. Explained UMRB procedures.
9/3/2009	jw	John Justice	423-473-4045	Ocoee UD	high bills	I spoke w/ UD, he won't pay meter testing fee. Returned call & left msg.
9/18/2009	jw	Teresa Pearson	931-389-6690	Bedford County UD	required installation of a backflow prevention device on everyone that has a pool or hot tub.	She called TDEC last year when the same letter was rec'd, and TDEC says not true.
9/22/2009	jw	Jeanett Herron	931-256-5521	Bon de Croft UD	questions	Explained UMRB procedures.
						left msg on machine

Joyce Welborn - 2010 Board meetings

From: Joyce Welborn
To: UMRB; UMRB 2; WWFB; WWFB 2
Date: 9/11/2009 9:55 AM
Subject: 2010 Board meetings

Shown below is the tentative 2010 meeting schedule for both the WWFB and the UMRB. We plan to hold all meetings in Room 31 of the Legislative Plaza. Since the Speaker's office reserves the hearing rooms, the schedule is tentative until that office confirms them - which typically will not be until January. Please make a note of the meetings that involve you. At some point in 2010, I hope to have a joint meeting to set water loss. Hopefully that will be in conjunction with one of the existing meetings.

February 4, Utility Management Review Board (UMRB)
March 11, Water and Wastewater Financing Board (WWFB)
April 1, UMRB
May 13, WWFB
June 3, UMRB
July 8, WWFB
August 5, UMRB
September 9, WWFB
October 7, UMRB
November 18, WWFB (the second Thursday is a holiday)
December 2, UMRB

Thanks,
Joyce